GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2802
ANSWERED ON:02.12.2016
Saving Deposits
Dhruvanarayana Shri Rangaswamy

Will the Minister of FINANCE be pleased to state:

(a) whether small finance banks are adopting an aggressive strategy to garner savings deposits by offering rates higher than that offered by full service banks;

(b) if so, the details and the reasons therefor?

(c) whether the Government has granted approval to start small bank operations; and

(d) if so, the details thereof along with the criteria of granting the status of micro finance to such entities?

Answer

The Minister of State in the Ministry of Finance
(SHRI SANTOSH KUMAR GANGWAR)

(a) to (d): Reserve Bank of India (RBI) had given in-principle approval to the 10 applicants to set up small finance banks:
(i) Au Financiers (India) Limited, Jaipur;
(ii) Capital Local Area Bank Ltd., Jalandhar;
(iii) Disha Microfin Private Limited, Ahmedabad;
(iv) Equitas Holding P Ltd., Chennai;
(v) ESAF Microfinance and Investments Private Limited, Chennai;
(vi) Janalakshmi Financial Services Private Limited, Bengaluru;
(vii) RGVN (North East) Microfinance Limited, Guwahati;
(viii) Suryoday Micro Finance Private Limited, Navi Mumbai;
(ix) Ujjivan Financial Services Private Limited, Bengaluru; and,
(x) Utkarsh Micro Finance Private Limited, Varanasi.

Of the above applicants, the following six have been subsequently issued banking licence to commence small finance bank business:
(i) Capital Local Area Bank Ltd., Jalandhar (Capital);
(ii) Equitas Holding P Ltd., Chennai (Equitas);
(iii) ESAF Microfinance and Investments Private Limited, Chennai;
(iv) Suryoday Micro Finance Private Limited, Navi Mumbai;
(v) Ujjivan Financial Services Private Limited, Bengaluru; and,
(vi) Utkarsh Micro Finance Private Limited, Varanasi.

Of the above six who have received banking licence, two applicants − Capital and Equitas − has since commenced operations as Capital Small Finance Bank Limited, and Equitas Small Finance Bank Limited respectively.

RBI has informed that it has no information relating to adopting an aggressive strategy to garner savings deposits by offering rates higher than that offered by full service banks.
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